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RUEHBU/AMEMBASSY BUENOS AIRES 2801
RUEHCV/AMEMBASSY CARACAS 0525
RUEHDM/AMEMBASSY DAMASCUS 0043
RUEHLP/AMEMBASSY LA PAZ 3410
RUEHMN/AMEMBASSY MONTEVIDEO 2386
RUEHSG/AMEMBASSY SANTIAGO 2092
RUEHTV/AMEMBASSY TEL AVIV 0203
RUEHRG/AMCONSUL RECIFE 3675
RUEHRI/AMCONSUL RIO DE JANEIRO 8202
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C O N F I D E N T I A L SECTION 01 OF 04 SAO PAULO 000601

SIPDIS

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STATE FOR WHA/BSC AND NEA/ELA
TREASURY FOR JHOEK

E.O. 12958: DECL: 07/11/2017
TAGS: [PGOV](#) [PREL](#) [PINR](#) [KISL](#) [SCUL](#) [BR](#) [LE](#)
SUBJECT: CONVERSATION WITH AN OLD FRIEND OF LULA

REF: A. SAO PAULO 496
[1](#)B. BRASILIA 1034
[1](#)C. SAO PAULO 254

Classified By: ACTING CONSUL GENERAL LISA L. HELLING. REASON: 1.4(D)

SUMMARY

[1](#)1. (C) At a June 26 lunch with poloff and econoff, businessman and lobbyist Mohamad Ali Laila (protect) shared his views on President Lula, the PT, Brazil,s relations with Venezuela, and the Lebanese and Muslim communities in Sao Paulo. Laila, who is President Lula,s neighbor in Sao Bernardo do Campo and has known the president and his family well for many years, said that Lula,s oldest brother Genival (&Vava8), recently accused by the Federal Police of influence peddling, is a &donkey8 who got mixed up in things he didn,t understand, a view apparently shared by Lula himself. Laila suggested that Lula,s generally acquiescent attitude towards Hugo Chavez is based more on personal friendship than ideological kinship and is emblematic of Lula,s &live and let live8 philosophy towards other leaders. Laila does not believe there is much sympathy for Chavez among Brazilians. He said that Lula,s Workers Party (PT) has no viable candidate to succeed him in 2010, and predicted that Minas Gerais Governor Aecio Neves will soon switch from the opposition PSDB to the pro-government PMDB and run for President with Lula,s support, though others discount this possibility. Laila has prepared a -e of protest,8 signed by Lebanese Christian and Muslim leaders, over the recent cooperation agreement between the PT and the Baath Party (ref A), which he plans to present to Lula and the PT,s National Directorate. Laila said many Brazilian-Lebanese avoid all interaction with Syrian representatives and officials here, and he expressed concern about activities of the Shiite community in the tri-border area. End Summary.

[1](#)2. (SBU) Mohamad Laila (please protect) is a Vice-President of the Brazil Future Institute, a Brazilian-Lebanese organization composed of moderate Sunni

Muslims representing the interests of the late Prime Minister Rafik Hariri,s family and political organization in Brazil (ref C). He is also a partner in Braven, an import-export company that specializes in trade with Venezuela, and in Newbrasil Assessoria, a political and commercial consulting firm. He joked that he doesn,t call himself a lobbyist &because lobbying is illegal in Brazil,8 but intimated that he is active in advocating on behalf of clients doing business with the GoB, playing on his personal connection to Lula and his long association with the PT. (Comment: Lobbying is not illegal in Brazil, but there is a widespread public perception, encouraged by the media, that all lobbyists are crooks. Brazilians cannot bring themselves to believe that government officials make decisions based on merit, and thus assume that lobbyists, success on behalf of their clients depends on their skill in making payoffs. For this reason, many individuals and firms use &consulting8 or &advising8 as a euphemism for their lobbying activities. End Comment.)

LULA AND THE SUCCESSION

¶3. (C) Laila did not specify his exact role in the PT, noting at one point that he is &affiliated8 with the party while at the same time taking issue with many of the party,s positions, especially the ones he considers radical or leftist. He is clearly not a fan of the social and popular movements that make up an important part of the PT,s base. However, he is evidently on friendly terms with a great many party leaders. He predicted that Ricardo Berzoini will be

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re-elected PT President in internal elections later this year. Jose Dirceu, he said, still retains influence in the party, but not as much as he would like. Because the PT, in Laila,s view, has no viable candidate to aspire to be Lula,s successor) he said nobody wants Tourism Minister Marta Suplicy, and that there is no one else of sufficient stature) Lula will look outside the party to someone from his governing alliance. He predicted with some confidence that Minas Gerais Governor Aecio Neves will switch from the opposition Brazilian Social Democracy Party (PSDB) to the centrist, pro-government PMDB and will then receive Lula,s blessing for his presidential bid.

¶4. (SBU) (Note: the expectation that Neves will desert the PSDB is a favorite media theory, but one that may have little basis in reality, and it is early to make such a prediction with any seriousness. PSDB Senator Sergio Guerra of Pernambuco, the likely next president of the PSDB, absolutely dismissed the possibility of a Neves defection in a conversation with Brasilia poloff in late May. Guerra, a manager of Geraldo Alckmin,s 2006 presidential campaign, is a "neutral" in the PSDB: he is not identified with any faction in a party that is somewhat divided between "nevistas" and "serristas," that is, supporters of Neves and Sao Paulo Governor Jose Serra. End Note.)

LULA AND HIS BROTHER

¶5. (C) Laila disparaged Lula,s oldest brother, Genival Inacio da Silva (&Vava8), who was recently caught up in the Federal Police,s &Operation Checkmate8 investigation into illegal slot machine operators and accused of influence peddling. Vava was allegedly trying to obtain favors or special consideration from GoB officials for friends in the gaming industry in return for cash. Laila commented that Vava is a &donkey8 who got involved in something he didn,t understand. He expressed no opinion as to whether Vava or Lula,s friend Dario Morelli Filho, who was implicated in the same activity, had done anything illegal or not. However, he noted that while Lula is not against bingo parlors, he does

oppose slot machines on the grounds that poor people get addicted to them, and he believes that the gaming industry is used to launder money.

¶16. (C) Laila opined that Justice Minister Tarso Genro should have been able to deal with Vava,s problem in a way that would have avoided his detention and the embarrassing publicity surrounding it. For this reason, he said, Lula is now irritated with Genro and may replace him soon. Laila also predicted that Federal Police Chief Paulo Lacerda will soon be replaced. (Comment: Tarso Genro is unpopular with many of his PT colleagues, who consider him divisive, and Lula could gain points within the party by replacing him, if indeed he is disenchanted with Genro,s performance. However, he might have a harder time getting rid of Lacerda, given that he has cited the Federal Police,s energetic investigations as a sign of his government,s effectiveness in fighting endemic corruption. End Comment.)

LULA AND CHAVEZ

¶17. (C) Laila,s company does a great deal of trade with Venezuela and he apparently knows Hugo Chavez well. He has a picture in his office of himself with both Lula and Chavez and he talks about Chavez with familiarity, albeit not in a complimentary vein. He believes Lula,s posture towards Chavez is motivated largely by personal friendship. Lula does not share Chavez,s radical or populist ideology) he resorts sometimes to populist rhetoric but has governed as a pragmatic centrist) but he takes a &live and let live8 approach to leaders of other countries and expects others to

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do the same. Only when he thinks Chavez is directly threatening Brazil,s interests will he push back, as for example with Chavez,s efforts to organize opposition to biofuels. Similarly, when Chavez denounced Brazil,s Congress after its Senate passed a resolution asking the BRV to reconsider its decision concerning RCTV (ref B), Lula calmed the waters by defending Brazilian institutions while at the same time defending the BRV,s right not to renew the broadcaster,s concession. Laila said that Lula, as a friend of both Chavez and President Bush, wanted to broker a truce or understanding between the two, but made no headway because Chavez just isn,t interested. Another important factor in the GoB,s reluctance to criticize the BRV and its continuing support for Venezuela in international fora is the influence of Lula,s foreign affairs advisor, PT first Vice-President Marco Aurelio Garcia, who is personally and ideologically close to Chavez.

¶18. (C) Laila does not see any efforts under way to develop a Bolivarian movement in Brazil, nor any prospects for such activity. The ground is simply not fertile; most Brazilians are either actively opposed to Chavez,s &Bolivarian8 program or just not interested. The only Brazilians who admire and follow Chavez, in his view, are the militants of the Landless Movement (MST).

LULA AND THE LEBANESE

¶19. (SBU) The Lebanese and Muslim communities, Laila said, have a variety of perspectives on Brazilian politics. No one political party or tendency enjoys their support. There are a few, though not many, who support the PT. However, Lula has long been popular in the communities, and their support for him was enhanced by the GoB,s energetic assistance during the July-August 2006 Hizballah conflict, when it facilitated delivery of emergency supplies, helped evacuate vacationing Lebanese-Brazilians who were caught up in the violence, and admitted some Lebanese with Brazilian family ties with few questions asked.

PT AND BAATH PARTY

¶10. (SBU) Laila brought up the recent visit to Syria by two PT leaders and the signing of a friendship accord between the PT and the Baath Party (ref A). He gave Poloff a copy of a protest letter he had prepared. Leaders of the Brazil Future Institute, the Islamic Federation of Brazil, and the Maronite League of Brazil have signed it, and he is seeking more signatures. The letter contrasts the democratic history of the PT with the Syrian dictatorship and highlights the human rights violations perpetrated by the Baath Party in Syria and Iraq. It also accuses the Baath-led Syrian government of trying to destroy Lebanon. Laila plans to deliver the letter to the PT's National Directorate and to President Lula in the hope of dissolving the agreement, which he blamed on the PT's International Relations Secretary, Valter Pomar, who leads one of the PT's small leftist factions.

¶11. (C) The continued instability in Lebanon is having a terrible effect on the economy, which depends heavily on tourism, Laila said. He blamed all the recent violence on Syria and especially Iran for funding Hizballah and other terrorist groups. Most of the Sunni Muslim and Lebanese Christian communities in Brazil, he said, avoid interaction with Syrian government representatives and boycott official Syrian events. Laila also said that when a Hizballah-affiliated Lebanese former Labor Minister visited Sao Paulo and Curitiba, large segments of these communities boycotted the visit. Laila, who accompanied President Lula on his December 2003 visit to Syria, doubts that President Assad will visit Brazil, and said that if he does, the

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Lebanese community here will use the occasion to denounce Syrian human rights violations and continued interference in Lebanese affairs.

TRI-BORDER AREA CONCERN

¶12. (C) The Future Institute has opened a small chapter in Foz de Iguacu in the Tri-Border Area, Laila said, and hopes to expand its presence there. The Sunnis in Foz, he said, have been receptive to the Institute's efforts to instill moderation and mutual tolerance, but the Shiite community has been less so. Laila estimated that about 80 percent of Muslims in Foz are Sunni and 20 percent Shiite, but the numbers are reversed in Ciudad del Este across the river in Paraguay. The situation in the tri-border is serious, he said, and much work is needed to stop the Hizballah funding going on there.

¶13. (C) Comment: Post's contacts in the Lebanese community and in the PT confirm that Mohamad Laila is well-connected in the party, a long-time friend of Lula's, and extremely knowledgeable about Venezuela and Hugo Chavez. That said, he no doubt has his own agenda and his own reasons for talking so freely with emboffs. Some of his comments arouse skepticism) it appears doubtful, for instance, that Lula would be planning to dismiss his Justice Minister or Chief of Police) but most of them are not only plausible but on track with what others are saying. Post will continue to reach out to members of the Arab and Muslim communities in Sao Paulo. End Comment.

¶14. (U) This cable was coordinated with Embassy Brasilia.

HELLING
MCMULLEN